GOVERNMENT OF
NEWFOUNDLAND
AND LABRADOR

DEPARTMENT OF FINANCE
TAXATION AND FISCAL POLICY BRANCH

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TAX INFORMATION BULLETIN
GASOLINE TAX
Gasoline Retailers

Under the Gasoline Tax Act a person who sells fuel products at a **retail sale** to a **retail purchaser** is required to obtain a gasoline retailer license by applying to the Department of Finance.

A **retail sale** means a sale to a retail purchaser. A **retail purchaser** is defined as a person who acquires fuel products for his or her consumption or on behalf of a person for his or her consumption.

Gasoline Retailers License

A gasoline retailer license is issued under Section 15(1) of the Gasoline Tax Act and provides authorization to a business to sell or keep gasoline for sale directly to retail purchasers only at the outlet identified on the license. Each license also identifies the types of fuel products the business may sell or keep for sale at that outlet. A separate license is required for each outlet operated by the business and the retailer is required to post the license in a conspicuous place on the premises for which the license is issued.

Once issued a retailer license is valid until the business discontinues selling fuel products or the license is revoked by the Department of Finance. When a licensee ceases carrying on the business of selling fuel products the license is automatically revoked and must be returned to the Department of Finance within 15 days of the date the business discontinued.

Retailers of Marked Diesel

Under the Gasoline Tax Regulations a person who acquires diesel grade fuel for an exempt use is required to obtain a tax exemption permit from the Department of Finance which authorizes that person to purchase diesel fuel without being required to pay tax to the retailer. Tax exempt diesel fuel is dyed with a coloured marker in order to clearly identify it as an exempt product and may normally be sold to tax exempt permit holders only.

A retailer who has been authorized under his or her license to sell marked diesel is responsible for verifying and documenting the exemption basis for each sale of marked diesel. Normally, this would be achieved by the retailer examining a copy of the retail purchaser's tax exemption permit and recording the purchaser's name, address, permit number, along with quantities of fuel purchased on a proper sales invoice, a copy of which is kept on file by the retailer for future reference. However, an exempt sale of marked diesel may also be made under the following circumstances:

- A sale of marked diesel to a vessel travelling directly to a **port** outside of the province. The Retailer would be required to obtain a copy of the *Customs K36A form* filed with the Canada Customs and Revenue Agency as documentation to exempt this sale.

- A sale of marked diesel to another retailer of marked diesel. The retailer would be required to obtain a copy of the other retailer's license authorizing them to sell marked diesel product.

Returns Required

A retailer of tax exempt diesel is **required** to file a "Schedule F - Tax Exempt Diesel Return" with the Department no later than the 20th day of the calendar month immediately following the month in which the sale was made. This return details the name of the purchaser, basis for exemption and volume purchased for each sale transaction. Only **tax exempt** sale transactions are reported on this return. Failure to file the return prior to the due date will result in the imposition of a $100.00 penalty. A return must be filed for each month regardless of whether there were any tax exempt diesel sales.

It is an offence under the Gasoline Tax Act for a Retailer of Marked Diesel to supply tax exempt marked diesel to a person or company who is not eligible to purchase marked diesel. A retailer who sells marked diesel to a person not entitled to purchase the product may be assessed a penalty under Section 51(a) of the Gasoline Tax Act equal to the amount of tax that should have been collected.

Fuel Delivery

A retailer is prohibited from delivering fuel into a drum or container unless the drum is properly identified with legible lettering indicating the type of fuel that it contains and where applicable, that the fuel product is marked diesel.

The driver of a retailer's vehicle delivering marked diesel is prohibited from placing tax exempt diesel in the storage tank of an internal combustion engine unless the owner or operator of the engine produces a tax exemption permit.

The driver of a retailer's vehicle when delivering marked fuel from a tankwagon used to deliver both marked and unmarked fuel, must ensure that the delivery hose connected to it is flushed clear of marked fuel before the next delivery of unmarked fuel.

Records to be Kept

A gasoline retailer is required to maintain the following accounting detail:

- records of all fuel purchases, sales and deliveries
- a register of all daily pump meter readings showing the quantity in litres of each product sold
- a weekly physical inventory of all fuel products and quantities consumed by that retailer
- any other records as prescribed by the Minister

In addition, all dispensing pumps must be properly labelled identifying the type of fuel product contained within that dispensing unit as well as its selling price to the retail purchaser.

Offence: Selling Fuel Products Without a Retailer's License

It is an offence under Section 68(1)(a) of the Gasoline Tax Act for a person or business to sell fuel products to a retail purchaser without holding a valid gasoline retailer license. A person or business convicted for this offence is liable to a fine up to $5,000 and/or a prison term of up to 6 months.

Should you require further information regarding a Gasoline Retailers license or information regarding any of the tax laws administered by the Tax Administration Division, please contact the office at:

Tax Administration Division
Confederation Building
P.O. Box 8720
St. John's, Nfld.
A1B 4K1
Phone: (709) 729-6297
Fax: (709) 729-2856

Disclaimer: These bulletins are prepared as guidelines and interpretations of the statutes. Where a conflict between the bulletins and statutes arise, the statutes will take precedence.